

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Financial Report

Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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INDEPENDENT AUDITORS' REPORT

WEB SITE
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Board of Directors
 Downtown Development Authority
 Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of Downtown Development Authority, (the Authority) a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Downtown Development Authority, as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 29, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule of funding progress on page 27 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the required supplementary information has been derived from the Authority's 2010 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Downtown Development Authority has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of, the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 29, 2012

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Net Assets
December 31, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,010,849
Taxes receivable	68,863
Due from other governmental agencies	195,238
Capital assets	
Non-depreciable	21,000
Depreciable, net	<u>59,380</u>
 Total assets	 <u>\$ 1,355,480</u>
LIABILITIES	
Accounts payable	\$ 26,734
Accrued liabilities	3,528
Long-term liabilities	
Portion due or payable within one year	197,100
Portion due or payable after one year	<u>13,012</u>
 Total liabilities	 <u>240,374</u>
NET ASSETS	
Invested in capital assets	80,380
Unrestricted	<u>1,034,726</u>
 Total net assets	 <u>1,115,106</u>
 Total liabilities and net assets	 <u>\$ 1,355,480</u>

The accompanying notes are an integral part of the basic financial statements

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Activities
For the Year Ended December 31, 2011

	Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
	<u>Governmental activities</u>			
	General government	\$ 12,721	\$ -	\$ (12,721)
	Economic development	432,806	38,192	(394,614)
	Total governmental activities	<u>\$ 445,527</u>	<u>\$ 38,192</u>	<u>(407,335)</u>
	General revenues			
	Property taxes			345,749
	Interest and investment earnings			<u>3,229</u>
	Total general revenues			<u>348,978</u>
	Change in net assets			(58,357)
	Net assets - January 1, 2011			<u>1,173,463</u>
	Net assets - December 31, 2011			<u>\$ 1,115,106</u>

The accompanying notes are an integral part of the basic financial statements

FUND FINANCIAL STATEMENTS (FFS)

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Balance Sheet - Governmental Fund
December 31, 2011

	<u>General Fund</u>
 ASSETS	
Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,010,849
Taxes receivable	68,863
Due from other governmental agencies	<u>195,238</u>
 Total assets	 <u>\$1,275,100</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 26,734
Accrued liabilities	3,528
Deferred revenue	<u>348,717</u>
Total liabilities	<u>378,979</u>
 Fund balance	
Committed for subsequent year's expenditures	536,044
Unassigned	<u>360,077</u>
Total fund balance	<u>896,121</u>
 Total liabilities and fund balance	 <u>\$1,275,100</u>

The accompanying notes are an integral part of the basic financial statements

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2011**

Total fund balance for the governmental fund at December 31, 2011		\$ 896,121
Add		
Capital assets at December 31, 2011	\$ 115,583	
Less Accumulated depreciation	<u>(35,203)</u>	80,380
Add		
All of the Authority's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the fund		348,717
Less		
Noncurrent liabilities applicable to the Authority's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities All liabilities, both current and noncurrent are reported in the statement of net assets		
Balances at December 31, 2011 are		
Other post employment benefits	(7,831)	
Compensated absences	<u>(202,281)</u>	<u>(210,112)</u>
Total net assets of governmental activities at December 31, 2011		<u>\$1,115,106</u>

The accompanying notes are an integral part of the basic financial statements

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2011

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 357,262
Intergovernmental	38,192
Interest income	<u>3,229</u>
Total revenues	<u>398,683</u>
Expenditures	
General government	12,721
Economic development	<u>411,698</u>
Total expenditures	<u>424,419</u>
Net change in fund balance	(25,736)
Fund balance, beginning (as restated)	<u>921,857</u>
Fund balance, ending	<u>\$ 896,121</u>

The accompanying notes are an integral part of the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2011**

Add	Revenue in the statement of activities that does not provide current resources		\$ (11,514)
Add	Change in capital assets for the year ended December 31, 2011		2,980
Less	Depreciation expense for the year ended December 31, 2011		(3,812)
Less	Net change in other post employment benefits for the year ended December 31, 2011		(1,553)
Less	Net change in accrued compensated absences for the year ended December 31, 2011		(18,722)
			(32,621)

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Downtown Development Authority
Lafayette, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of Downtown Development Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

Downtown Development Authority is a component unit of the Lafayette City-Parish Consolidated Government (Government). The Authority was created by the Louisiana Legislature to implement various plans to aid and encourage both private and public development of the Lafayette Centre Development District. Intergovernmental funding is provided by the Government as per an ordinance adopted on May 5, 1987 which dedicated a portion of the loan repayment proceeds pertaining to an Urban Development Action Grant collected by the Government to the Authority. The Authority also receives ad valorem taxes originally approved by the voters of the District in 1993 and renewed for a period of 15 years in 2008.

B Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity.

The statement of activities presents both the gross and net cost of each for each function of the Authority's governmental activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants column reflects capital-specific grants. The Authority has no capital grants in fiscal year 2011.

Fund Financial Statements (FFS)

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

The fund of the Authority is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Authority has only one fund, its General Fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Authority is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Authority and is used to account for the operations of the Authority. General operating expenditures are paid from this fund.

C Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. The Authority considers property taxes as "available" in the year following the assessment when the majority of the taxes are collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D Assets, Liabilities and Equity

Cash and investments held by Lafayette Consolidated Government

For purposes of the statement of net assets, cash and investments include all demand accounts, savings accounts, and certificates of deposits of the Authority and those included in the Lafayette Consolidated Government's internal investment pool, as further described in Note 2.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment, furniture and fixtures	5- 10 years

Employee Benefit Policy

Employees of the Authority earn vacation pay in varying amounts ranging from 8 hours per month to 16 hours per month, depending upon length of service. At the end of each year employees may carryforward vacation time earned but not taken with the maximum allowable carryover of unused vacation time being equal to one year's accumulated vacation time. Subject to the above limitation, unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation.

All employees are entitled to 12 days sick pay after being employed for three months, and any unused sick leave may be carried forward without limitation. No sick pay is paid upon resignation. Employees separated due to retirement or death are paid for all accumulated sick leave at the hourly rates being earned by that employee at separation.

In the government-wide financial statements, the Authority accrued accumulated unpaid vacation and sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in two components

- a Invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation
- b Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested” in capital assets

The Authority has no restricted net assets at December 31, 2011

In the fund financial statements, governmental fund equity is classified as fund balance. The Authority adopted GASB Statement 54 for the year ended December 31, 2011. As such, fund balance of the governmental fund is classified as follows

- a Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
- b Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments
- c Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the Authority
- d Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes
- e Unassigned – all other spendable amounts

In accordance with GASB Statement 54, beginning fund balance for the governmental fund has been restated as of December 31, 2011 and 2010, respectively

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

E Budgets and Budgetary Accounting

The Downtown Development Authority follows the procedures detailed below in adopting its budget

- 1 An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Executive Director and adopted by the Board. It is then sent to the Lafayette City-Parish Consolidated Government Council for approval.
- 2 Any amendments must be approved by the Board and the Lafayette City-Parish Consolidated Government Council. All appropriations lapse at the end of the fiscal year unless carried by Board action.

All budgeted amounts presented reflect the original budget and the final amended budget (which has been adjusted for legally authorized revisions during the year).

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority has provided otherwise in its commitment or assignment actions.

F Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G Investments

Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments meeting the criteria specified in the Statement are stated at fair value, which is either a quoted market

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include overnight repurchase agreements, U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are shown at amortized cost. As discussed more fully in Note 2, the Authority participates in the Lafayette Consolidated Government's internal investment pool.

(2) Cash and Investments

The Authority's cash and investments are included in the Lafayette Consolidated Government's (the Government's) Cash Management Fund, which is pooled with the Government's other investments. Interest earned from the pooled cash management fund is apportioned to each fund based on its average daily cash balance. At December 31, 2011, all of the Authority's cash and investments were being held in this pool with the exception of \$150 of petty cash. For the year ended December 31, 2011, the Authority's portion of unrealized gains and losses in the investment pool were immaterial. A listing of the Authority's investments at December 31, 2011 follows:

Investment pool managed by Lafayette Consolidated Government (maturity of less than one year)	<u>\$1,010,849</u>
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Cash and investments include bank balances and investments that at the balance sheet date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Cash balances are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all time equal the amount on the deposit with the fiscal agent. The Authority has no custodial credit risk associated with these deposits.

As a component unit of the Consolidated Government of Lafayette, Louisiana, the Authority follows the Cash Management Rules and Guidelines of the Lafayette City-Parish Consolidated Government. Following are the risks associated with the rules and guidelines:

Interest Rate Risk. As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Authority's investment policy limits the investment portfolio to "money market instruments, which are defined as very creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The Authority's Investment Policy limits investments to fully insured and/ or fully-collateralized certificates of deposits and direct and indirect obligations of the U.S. government agencies. At December 31, 2011, the Authority's investments in the Federal Home Loans Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Company (within the Government's investment pool) was rated AAA by Standard and Poor's and Aaa by Moody's Investment Service.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and billed to the taxpayers by the Lafayette Consolidated Government in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Lafayette Parish Tax Assessor and are collected by the Lafayette Parish Sheriff.

For the year ended December 31, 2011, taxes were levied at the rate of 10.91 mills on property with assessed valuations totaling \$32,874,646.

Total taxes levied, exclusive of homestead exemptions, were \$348,717 for 2011. Taxes receivable at December 31, 2011 were \$68,863.

(4) Due from Governmental Agencies

The balance in due from governmental agencies of \$195,238 consisted of ad valorem taxes collected by the Lafayette Parish Sheriff at December 31, 2011.

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2011 are as follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Land	\$ 21,000	\$ -	\$ -	\$ 21,000
Buildings	71,547	-	-	71,547
Equipment, furniture and fixtures	20,056	2,980	-	23,036
Total	112,603	2,980	-	115,583
Less: Accumulated depreciation	31,391	3,812	-	35,203
Net capital assets	\$ 81,212	\$ (832)	\$ -	\$ 80,380

Depreciation expense in the amount of \$3,812 was charged to economic development.

(6) Employee Retirement System

The Authority participates in the Municipal Employees Retirement System (MERS) and Parochial Employees' Retirement System (PERS). These systems are statewide multi-employer, public employee retirement systems which cover all Downtown Development Authority's employees. Authority employees participate in one of the following retirement systems:

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

A Municipal Employees' Retirement Systems (MERS)

Plan description Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 25 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by state statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy Plan members are required to contribute 9.25% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. The employer contribution rate was 14.25% through June 30, 2011 and 16.75% beginning July 1, 2011. The contribution requirements of plan members and the Authority are established by statute. The Authority's contributions to MERS for the years ended December 31, 2011, 2010 and 2009 were \$11,846, \$13,322, and \$13,545, respectively, equal to the required contribution each year.

B Parochial Employees' Retirement System (PERS)

Plan description Members of the plan may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, and with 10 years of service at age 60. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980. The System also provides disability and survivor benefits. Benefits are established by state statute. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898.

Funding policy Plan members are required to contribute 9.50% of their annual covered salary to the plan and the Authority is required to contribute at an actuarially determined rate. The rate was 15.75%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contribution to PERS for the years ended December 31, 2011, 2010 and 2009 were \$3,400, \$3,335, and \$3,389 respectively, equal to the required contribution each year.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

(7) Long-term Debt

During the year ended December 31, 2011, the following changes occurred in the liability reported as long-term obligations

	Balance <u>1/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2011</u>
Other post employment benefits	\$ 6,278	\$ 1,916	\$ (363)	\$ 7,831
Compensated absences	<u>183,559</u>	<u>36,495</u>	<u>(17,773)</u>	<u>202,281</u>
Total long-term debt	<u>\$ 189,837</u>	<u>\$ 38,411</u>	<u>\$ (18,136)</u>	<u>\$ 210,112</u>

(8) Post Retirement Health Care and Life Insurance Benefits

Plan Description The Authority's medical benefits are provided through insured programs and are made available to employees upon actual retirement

Employees are covered by two different Retirement Systems Municipal Employees Retirement System (MERS), whose retirement eligibility (D R O P entry) provisions are as follows 25 years of service at any age, or, age 60 and 10 years of service and the Parochial Employees Retirement System (PERS), whose retirement eligibility (D R O P entry) provisions are as follows 30 years of service at any age, age 55 and 25 years of service, age 60 and 10 years of service, or, age 65 and 7 years of service

Life insurance coverage of \$10,000 is available to retirees by election The retiree pays 100% of the "cost" of the retiree life insurance Because these premiums were blended with the medical premiums at the time of the actuarial valuation performed on January 1, 2008 and GASB 45 requires the use of "unblended" rates for valuation purposes, which results in an implicit subsidy of the retiree life insurance cost by the employer, the 94GAR mortality table described above was used to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance All of the assumptions used for the valuation of the medical benefits were used except for the trend assumption, zero trend was used for life insurance Insurance coverage for retirees ceases at age 70 As of the actuarial valuation performed on January 1, 2010, the life insurance premiums are unblended, therefore, an adjustment was made removing the implied subsidy from the current year OPEB cost calculation in the fiscal year ending December 31, 2010

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits The plan provisions and contribution rates are contained in the official plan documents

Funding Policy Until 2008, the Authority recognized the cost of providing post-employment medical and life benefits (the Authority's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of post-employment

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

benefits on a pay-as-you-go basis. Effective with the fiscal year beginning January 1, 2008, the Authority implemented Government Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding cost.

The Authority's portion of health care funding costs for retired employees are applied toward the Net OPEB Benefit Obligation as shown below. In the fiscal year ending December 31, 2011, the Authority made no contributions to the health care funding cost for retired employees.

Annual Required Contribution. The Authority's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2011 is \$1,665 for post-employment benefits, as set forth below.

	<u>Medical</u>
Normal Costs	\$ 769
30-year UAL amortization amount	<u>896</u>
Annual required contribution	<u>\$ 1,665</u>

Net Other Post-employment Benefit Obligation. The table below shows the Authority's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2011.

	<u>Medical</u>
Annual required contribution	\$ 1,665
Interest on Net OPEB Obligation	251
ARC adjustment	<u>(363)</u>
OPEB cost	1,553
Contributions made	<u>-</u>
Change in Net OPEB Obligation	1,553
Beginning Net OPEB Obligation, 1/1/11	<u>6,278</u>
Ending Net OPEB Obligation, 12/31/11	<u>\$ 7,831</u>

The Authority's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset) for 2009, 2010 and 2011 follows:

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

	<u>Post Employment Benefit</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Fiscal year ending				
December 31, 2009				
	Medical	\$ 2,426	0 0%	\$ 4,762
	Life	43	0 0%	84
Total		<u>\$ 2,469</u>		<u>\$ 4,846</u>
December 31, 2010				
	Medical	\$ 1,516	0 0%	\$ 6,278
	Life	(84)	0 0%	-
Total		<u>\$ 1,432</u>		<u>\$ 6,278</u>
December 31, 2011				
	Medical	\$ 1,553	0 0%	\$ 7,831
	Life	-	0 0%	-
Total		<u>\$ 1,553</u>		<u>\$ 7,831</u>

Funded Status and Funding Progress In the fiscal year ending December 31, 2011, the Authority made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2011, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$16,114, which is defined as that portion, as determined by a particular actuarial cost method (Downtown Development Authority uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2011, the entire actuarial accrued liability of \$16,114 was unfunded.

	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$ 16,114
Actuarial Value of Plan Assets	-
Unfunded Act Accrued Liability (UAAL)	<u>16,114</u>
Funded Ratio (Act Val Assets/AAL)	0%
Covered payroll (active plan members)	<u>\$ 181,873</u>
UAAL as a percentage of covered payroll	8 86%

The schedule of funding progress included in required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because GASB Statement No. 45 allows biannual valuations, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate, (2) retirement rate, (3) health care cost trend rate, (4) mortality rate, (5) discount rate (investment return assumption), and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Downtown Development Authority and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Downtown Development Authority and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Downtown Development Authority and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets Since the OPEB obligation has not, as yet, been funded, there are not any assets. It is anticipated that in future valuations, should a funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 13.75%. The rates for each age are below:

<u>Age</u>	<u>% Turnover</u>
18 - 25	25.0%
26 - 40	15.0%
41 - 54	12.0%
55+	8.0%

Investment Return Assumption (Discount Rate) GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Notes to the Basic Financial Statements (Continued)

Health Care Cost Trend Rate The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections 2003 to 2013, Table 3 National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov) "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later

Mortality Rate The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans

Method of Determining Value of Benefits: The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired. Since "unblended" rates are required by GASB 45 for valuation purposes, we have estimated the unblended retiree rates for pre-Medicare eligibility as being 130% of the blended rates. Coverage is not provided for retirees after Medicare eligibility.

(9) **Risk Management**

The Authority is exposed to risks of loss in the areas of auto and property liability and surety bonds. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(10) **Compensation of Board Members**

No compensation was paid to Authority Board members during the year ended December 31, 2011.

(11) **Litigation**

As of December 31, 2011, the Authority is not involved in any litigation.

(12) **Subsequent Event Review**

The Authority's management has evaluated subsequent events through May 29, 2012, the date which the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Year Ended December 31, 2011
With Comparative Actual Amounts for Year Ended December 31, 2010

	2011				
	Budget			Variance -	2010
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Revenues					
Taxes- ad valorem	\$360,230	\$ 360,230	\$357,262	\$ (2,968)	\$347,495
Intergovernmental	38,193	38,193	38,192	(1)	38,192
Interest	7,000	7,000	3,229	(3,771)	6,565
Total revenues	<u>405,423</u>	<u>405,423</u>	<u>398,683</u>	<u>(6,740)</u>	<u>392,252</u>
Expenditures					
General government-					
Charges for collection of taxes	<u>12,605</u>	<u>12,605</u>	<u>12,721</u>	<u>(116)</u>	<u>12,326</u>
Economic development-					
Operations-					
Personnel costs	225,783	229,994	231,700	(1,706)	219,498
Supplies and materials	4,000	4,000	2,811	1,189	2,708
Travel and meetings	4,500	4,500	2,820	1,680	1,818
Telecommunication	3,000	3,000	2,300	700	2,218
Printing and postage	1,900	1,900	842	1,058	1,065
Equipment maintenance	3,000	3,000	2,921	79	403
Other insurance premiums	1,500	1,500	1,500	-	792
Rent	3,096	3,096	3,096	-	3,096
Supplemental services	113,000	113,000	59,934	53,066	76,139
Contractual services	6,200	6,200	2,238	3,962	6,229
Marketing/ business development	75,000	75,000	41,045	33,955	35,269
Other	<u>3,800</u>	<u>3,800</u>	<u>1,923</u>	<u>1,877</u>	<u>1,813</u>
Total operations	444,779	448,990	353,130	95,860	351,048
Capital project development	<u>395,733</u>	<u>395,733</u>	<u>58,568</u>	<u>337,165</u>	<u>16,836</u>
Total economic development	<u>840,512</u>	<u>844,723</u>	<u>411,698</u>	<u>433,025</u>	<u>367,884</u>
Capital outlay	-	-	-	-	1,902
Total expenditures	<u>853,117</u>	<u>857,328</u>	<u>424,419</u>	<u>432,909</u>	<u>382,112</u>
Excess (deficiency) of revenues over expenditures	(447,694)	(451,905)	(25,736)	426,169	10,140
Fund balance, beginning (as restated)	<u>817,617</u>	<u>817,617</u>	<u>921,857</u>	<u>104,240</u>	<u>911,717</u>
Fund balance, ending	<u>\$369,923</u>	<u>\$ 365,712</u>	<u>\$896,121</u>	<u>\$ 530,409</u>	<u>\$921,857</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Schedule of Funding Progress of OPEB Plan
Year Ended December 31, 2011

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Cost</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2008	\$ -	\$ 21,834	\$ 21,834	0%	\$178,273	12.25%
January 1, 2010	\$ -	\$ 14,899	\$ 14,899	0%	\$179,860	8.28%

OTHER SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Balance Sheet - Governmental Fund
December 31, 2011 and 2010

	<u>General Fund</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash on hand	\$ 150	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,010,849	955,340
Taxes receivable	68,863	214,323
Due from other governmental agencies	<u>195,238</u>	<u>145,908</u>
 Total assets	 <u>\$1,275,100</u>	 <u>\$1,315,721</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 26,734	\$ 26,906
Accrued salaries and benefits	3,528	3,446
Deferred revenue	348,717	360,231
Due to primary government	<u>-</u>	<u>3,281</u>
 Total liabilities	 <u>378,979</u>	 <u>393,864</u>
Fund balance		
Committed for subsequent year's expenditures	536,044	921,857
Unassigned	<u>360,077</u>	<u>-</u>
 Total fund balance	 <u>896,121</u>	 <u>921,857</u>
 Total liabilities and fund balance	 <u>\$1,275,100</u>	 <u>\$1,315,721</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Years Ended December 31, 2011 and 2010

	General Fund	
	2011	2010
Revenues		
Ad valorem taxes	\$ 357,262	\$ 347,495
Intergovernmental	38,192	38,192
Interest income	3,229	6,565
Total revenues	<u>398,683</u>	<u>392,252</u>
Expenditures		
General government	<u>12,721</u>	<u>12,326</u>
Economic development-		
Operations	353,130	351,048
Capital project development	<u>58,568</u>	<u>16,836</u>
Total economic development	<u>411,698</u>	<u>367,884</u>
Capital Outlay	<u>-</u>	<u>1,902</u>
Total expenditures	<u>424,419</u>	<u>382,112</u>
Excess (deficiency) of revenues over expenditures	(25,736)	10,140
Fund balance, beginning (as restated)	<u>921,857</u>	<u>911,717</u>
Fund balance, ending	<u>\$ 896,121</u>	<u>\$ 921,857</u>

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AND
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Downtown Development Authority
 Lafayette, Louisiana

We have audited the financial statements of the governmental activities and the major fund of Downtown Development Authority (the Authority), a component unit of the Lafayette City-Parish Consolidated Government as of and for the year ended December 31, 2011, which comprise the Authority's basic financial statements and have issued our report thereon dated May 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 29, 2012

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2011

Part I Summary of Auditor's Results

- 1 The auditor's report expresses an unqualified opinion on the financial statements
- 2 No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the financial statements
- 3 No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit

Part II Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards

 No matters were reported